

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

**NEW HAMPSHIRE
INSURANCE COMPANY,**

Plaintiff,

V.

**GREEN DRAGON TRADING
COMPANY, c/o Dombrowski &
Sorensen Attorneys at Law,**

Defendant.

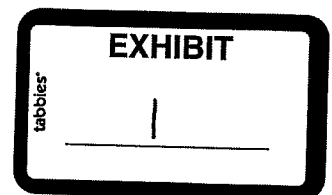
Case No.: 08-CV-1326

Judge: Der-Yeghiayan

AFFIDAVIT OF PETER ARNDT

Peter Arndt, being first duly sworn on oath, deposes and states as follows:

1. I am employed as a Vice President at International Special Risks, Inc. ("ISR").
2. ISR is a Marine intermediary insurance broker of insurance that markets various marine insurance coverages.
3. ISR worked with Maritime General Agency (MGA) for the placement of yacht insurance with the New Hampshire Insurance Company.
4. On August 7, 2007, I was contacted via email by Kathleen Murphy of Mesirow Financial ("Mesirow"), located at 321 North Clark Street, Chicago, Illinois regarding a request for insurance coverage on the M/Y LE VIPER for its owner, Green Dragon Trading Company.
5. I understood that Green Dragon Trading Company ("Green Dragon") was a corporation formed for the sole purpose of ownership of the M/Y LE VIPER, and that the individual who was responsible for ownership of the vessel was Joseph Dombrowski.



6. I presented the request for an insurance quotation to Ned Sawyer at MGA for his consideration via e-mail. Mr. Mike Terrier responded with an insurance proposal from New Hampshire for Green Dragon through New Hampshire.

7. Over the course of several days, Kathleen Murphy and I exchanged phone and email communications regarding the underwriting of the marine insurance policy for Green Dragon.

8. As part of the process for binding the insurance coverage, Mr. Dombrowski completed an insurance application that was required by MGA. A true and correct copy of the application is attached hereto as Exhibit A. Suzanne Cummings-Proctor, Yacht Specialist with ISR, received this application from Mesirow and forwarded it to MGA.

9. Mr. Dombrowski also prepared a second insurance application for another agency. A true and correct copy of the application is attached hereto as Exhibit B. I received this application from Mesirow in August and forwarded it with my initial quote request to Ned Sawyer at MGA.

10. As part of the process for binding the insurance coverage, it was also requested that Green Dragon establish that it had complied with all the recommendations listed in the survey performed by Slakoff, Stahl, Gordon & Associates on May 23 and 24, 2007 in order to establish the good condition of the vessel. Suzanne Cummings-Proctor was supplied a letter from Kathleen Murphy, prepared by Mr. Dombrowski on October 23, 2007, indicating that all recommended repairs had been made. MGA later requested a similar statement be completed using their own Letter of Compliance for Marine Survey Recommendations form. True and correct copies of Mr. Dombrowski's letter and the Letter of Compliance are attached hereto as Exhibit C.

11. Policy No. YM 583-93-22, naming Green Dragon Trading Company c/o Dombrowski & Sorensen Attorneys at Law was requested bound by Mesirow on October 24, 2007 and bound effective October 24, 2007 on October 25, 2007.

12. On November 20, 2007, ISR received the Declaration page and Endorsement pages for the policy from MGA. Joan Couture, Yacht Specialist with ISR, emailed same to Kathleen Murphy at Mesirow on November 28, 2007. ISR never received a copy of the actual policy from MGA on November 20, 2007 and Mesirow only received the documents sent to ISR from MGA

13. On or around December 11, 2007, J.P. Williamson, Assistant Claim Manager with ISR, faxed a copy of Policy No. YM 583-93-22 to Mr. Dombrowski in Chicago.

14. I declare under penalty of perjury that the foregoing is true and correct.

15. Further affiant sayeth naught

Signed:  _____

Executed On: 4/25/2008

Maritime General Agency

PLEASURE YACHT APPLICATION

EFFECTIVE DATE: 10-24-07

70 Essex Road • Westbrook, CT 06498

Phone 800-366-8046 • Fax 860-399-3670

E-mail info@maritimegeneral.com

Name: Green Dragon Trading Corp. Address: _____
 City: Chicago State: IL Zip: 60610 City: _____
 Beneficial Owner(s): Joseph L. Dambrowski State: _____ Zip: _____
 Corporate Name (if any): _____
 Is Corp for sole purpose of ownership of vessel? ☒ Yes ☐ No ☐ N/A
 Nature of operations of the business: _____
 Is this vessel seasonally owned? ☐ Yes ☐ No

NAMED OPERATORS
 1. Dan Osley D.O.B. 57 AFFILIATION TO OWNER
 2. Captain

Builder/Manufacturer: Swamp Boat Works Model: _____
 Year: 1992 Length: 25.81 M Hull #/Serial # 726677
 Vessel Name: Leviathan CONSTRUCTION TYPE
 Date Purchased: 1992 ☐ Fiberglass ☐ Wood ☐ Runabout ☐ Cruiser
 Purchase Price: 1,000,000 ☒ Aluminum ☐ Steel ☐ Sailboat ☐ Houseboat
☐ Other ☐ Other

Engine Year: 1987 Engine Mfg: Cummins Diesel Model: 16V 93 Serial # P: _____
 Total H.P.: _____ Max Speed: _____ Serial # S: _____
 FUEL: ☐ Gas ☒ Diesel TYPE: (check one from each column) ☐ Outboard ☒ Inboard ☐ NO ☐ Twin ☐ Single
 ADDITIONAL EQUIPMENT: ☒ GPS, Radar or Loran ☐ CO Detector ☐ Fire Suppression
 Tender Mfg: NAUTICA Length: 13.6' Value: 10,000 Outboard Value: UNKNOW
 Trailer Mfg: _____ Length: _____ Serial #: _____

Vessel boating: 30 How many years in total have you owned boats? 30 Serial #: _____
 PRIOR VESSELS 1st PRIOR Length: 18' Type: DATA Years Owned: 10
 2nd PRIOR Length: 22' Type: BERTRAM Years Owned: 10

5 Year Loss History: ☒ No Losses or (Date(s), Cause, Amount)
 EDUCATION ☒ USCGA ☐ Licensed Capt. Present Marine Insurer: NA
☐ USFB ☐ Other Will applicant be living aboard? ☐ No ☐ Yes

Has your insurance ever been canceled or non-renewed? ☐ No ☐ Yes
 Berthing Location: Summer (incl. zip): CHICAGO - BELMONT MARINA Winter (incl. zip): ST. MARTIN, F.W.I.
 Navigation Area: LAKE MICHIGAN
 Lay-up From: NOV (12:01 AM) To: _____
☐ On Land ☐ In Water, Builder System? ☐ No ☐ Yes

Do you employ a paid Captain or crew? ☐ No ☒ Yes, How many? 2 *Most recent survey? AT PROVED
 Is vessel ever chartered / used commercially? ☐ No ☒ Yes Charter Type: _____ # per year: _____
 Is yacht used for racing? ☐ No ☐ Yes, details: _____
 Is this vessel being held for sale? ☐ No ☐ Yes, held for sale since: _____

Additional insured(s) & Relationship to insured: JOSEPH DAMBROWSKI - SGLC STEAK HOLDING
 In the last 3 years, have you been convicted of a DUI, DWI or DWI? ☐ No ☐ Yes

	AMOUNT OF INSURANCE	DEDUCTIBLE	PREMIUM
HULL & EQUIPMENT	\$ 1,000,000	\$ 20,000	
OUTBOARD MOTORS			
LIABILITY	\$ 2,000,000	\$ 0	
MEDICAL PAYMENTS	\$ 10,000		
PERSONAL EFFECTS	\$ 15,000		
TRAILER/TENDER	\$ 15,000		
FUEL OIL			
TOWING	\$ 5,500		
UNINSURED BOATER	\$ 500,000		
1% Min. or \$200 whichever is greater, Trailer Deductible \$100.			
TOTAL PREMIUM			\$

I hereby declare that I personally have read the application and terms, and the statements made are true. I understand that this is not a contract of insurance, but a statement of facts which will be used to determine the premium and policy terms. I agree to pay the premium for this policy. I understand that this policy is not a contract of insurance, but a statement of facts which will be used to determine the premium and policy terms. I agree to pay the premium for this policy.

Applicant's Signature: _____
 "A" statement, call after 30 days, must accompany application for vessels over ten years old. Recommendation must be completed within thirty days from inception date of policy unless otherwise stated by your agent.

Producer # _____
 Agency _____
 Address _____
 Date: _____

Rev. 07/08

EXHIBIT

A

**GLOBAL MARINE
COMMERCIAL VESSEL INSURANCE APPLICATION**
The St Paul

Please print or type. Attach your current Condition and Valuation Survey.

APPLICANT INFORMATION

1. Name of Applicant (Owner of Vessel) GREEN DRAGON TRADING CORP. LTD/NO VESSEL		2. Applicant Web Site Name N/A
3. Address (No., Street, City, State, Zip Code) 670 N. CLARK, CHICAGO, IL 60610		4. Telephone No. 312-943-7804
5. Principal Business of Owner HOLDING CO.		6. Yrs. Experience as Vessel Owner 30
7. Total Gross Receipts for Last 12 Months NONE	8. Total Gross Payroll for Last 12 Months \$ 110,000	9. Total Gross "Jones Act" Payroll for last 12 Months 0

GENERAL INFORMATION

10. Name of Captain of Vessel DANIEL J. OSLEY		11. Age 53
12. Address (No., Street, City, State, Zip Code) 1323 S. E. 17TH. FT. LAUDERDALE, FL. 33316		
13. How long employed as a captain SEE RESUME	14. Total Yrs Experience SEE RESUME	15. Does captain hold a Coast Guard license as a master? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
16. No. of Crew (excluding captain) 1		17. Attach crew list with names, positions, licenses, Date of Employment.
18. If vessel is mortgaged, amount outstanding \$ 0		19. Mortgage Expiration Date
20. Mortgagee Name		
21. Mortgagee Mailing Address (No. Street, City, State, Zip Code)		
22. Name of Present Insurer		23. Expiration Date
24. Has insurance ever been cancelled or non-renewed on this vessel or other vessels owned or operated by the applicant? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, please explain? BROKER FAILED TO SEND PREMIUM NOTICE		

DESCRIPTION OF VESSEL

If more than one vessel attach schedule. If recent vessel survey is available please attach.

25. Name of Vessel LE VIPER		26. Home Port GEORGE TOWN C.I.		27. Official No. 726611
28. Purchased From SWIFT SHIPS	29. Date 1992	30. Purchase Price \$ 1,600,000	31. Present Market Value \$ 1,200,000	32. Current Replacement Value \$ 5,000,000
33. Year Built 1992	34. Built By SWIFT SHIPS			
35. Type of Vessel MOTOR YACHT	36. Length 25.81 M.	37. Beam 6.15 M	38. Draft 2.46 M	
39. Material of Hull ALUMINUM	40. Gross Tons 96		41. Net tons 28	
42. Has the vessel ever been classified and if so, is it still "in class"? (give details) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
43. If vessel is a barge, is it: <input type="checkbox"/> Single Skin <input type="checkbox"/> Double Skin		44. What is cargo capacity (barrels, or tons) and type of cargo carried? N/A		
45. Date last drydocked 5/07	46. Where FT. LAUDERDALE	47. Describe Work Done PAINT JOB		
48. Date last Surveyed 5-22-24-07	49. By Whom SLAKOFF STAHL GORDON & ASS.			
50. Have all recommendations been fully complied with? (If no, please explain.) YES				
51. List all vessels owned or partly owned by applicant: NONE				

EXHIBIT
B

ENGINES AND EQUIPMENT

52. Make of Main Engine DETROIT DIESEL (3)		Model 16V92	Year 1989	H.P. 1420
53. Has engine been overhauled? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, indicate:		When	By Whom KENNEDY ENGINE	
54. Make of Generator KILOPACK (2)		Model 3314N	Year 2005	H.P. N/A
55. Has generator been overhauled? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, indicate:		When	By Whom	
56. Are engines equipped with high temperature/low oil pressure alarms? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, indicate:		Make		
57. Does the vessel have a bilge alarm in good working condition? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, indicate:		Make	Location	
58. Does the engine room have automatic fire extinguishing system? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, indicate:				
59. Does fire extinguishing equipment meet U.S.C.G. requirements? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		60. Does the vessel have non-skid paint or surface on deck and on all ladders? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
61. Does all safety equipment meet U.S.C.G. requirements? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, list all safety equipment:				
62. Describe equipment involving cargo loading and unloading: N/A				
63. Do all cranes and winches have effective guards? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		64. If vessel is certified to carry passengers, what is the United States Coast Guard or Canadian Coast Guard passenger limit?		
65. What is the average number of passengers?		66. Describe accommodations: SEE SURVEY		
67. Describe all electronic, navigation, communication and special equipment: SEE SURVEY				

DESCRIPTION OF OPERATIONS

68. Describe the service in which the vessel is used: (If fishing vessel, state type of fishing and dates of operation.) PRIVATE YACHT - DOES NOT CHARTER	
69. What waters are navigated? CANALAN & CONTIGUOUS FROM 11-2 E 5-31 GREAT LAKES & INLAND WATERWAYS FROM 6-1 TO 11-1	
70. Dates between which the vessel will be laid up annually: From: 11-1 To: 12-1	
71. Describe maintenance (including haul-out schedules): VESSEL IS HAUL OUT EVERY FALL & MAINTENANCE DONE	
72. Describe loss-control practices: CREW TRAINING & SURVEY IMPLEMENTATION	

LOSS HISTORY

73. Attach loss runs or list losses and amounts paid and case for the last 5 years. Use separate sheet if necessary.

HULL LOSSES		
Date of Loss	Description of Loss	Gross Amount (Paid/Reserve)
NONE		

P & I LOSSES		
Date of Loss	Description of Loss	Gross Amount (Paid/Reserve)
NONE		

COVERAGE REQUIRED

HULL AND MACHINERY		
74. Insured Value \$ 1,000,000	75. Deductible \$ 200	76. Loss Payee (if any) NONE
PROTECTION AND INDEMNITY		
77. Limit of Liability: \$ 2,000,000	78. Deductible \$ 100,000	79. Crew Coverage <input checked="" type="checkbox"/> Include <input type="checkbox"/> Exclude

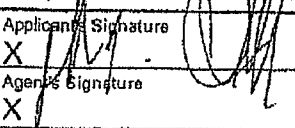
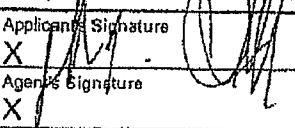
ADDITIONAL COVERAGE REQUIRED

<input type="checkbox"/> Tower Liability	<input type="checkbox"/> Excess P & I Limit: \$	<input type="checkbox"/> War Risks
<input type="checkbox"/> Cargo Legal Liability	<input type="checkbox"/> Excess Collision/Tower Liability Limit: \$	<input type="checkbox"/> Hull Only
<input checked="" type="checkbox"/> Pollution Coverage		<input checked="" type="checkbox"/> Hull and P & I
<input type="checkbox"/> Strikes, Riots and Civil Commotions		

IMPORTANT NOTE	The foregoing statements made and signed by the applicant and or his duly authorized agent are warranted by him to be correct and a true basis on which insurance may be granted, but in no way bind applicant to accept quotation or insurers to accept risk.
FRAUD WARNING NOTICE	If a state fraud warning notice applies, read and attach the signed Fraud Warning Notice List (Form 55306) to this application.

REQUIRED COMPLETION - READ AND SIGN

You, the undersigned, are the authorized representative of the prospective Named Insured and certify that reasonable inquiry has been made to obtain the answers to these questions. By signing, you certify that the answers and information that you provided in this application, and all supplements and attachments to this application, are true, correct, and complete to your best knowledge and belief. Signing this application won't constitute a binder or obligate St. Paul Fire and Marine Insurance Company to provide Commercial Vessel Insurance, but it's agreed that this application will be the basis upon which a Policy may be issued.

Applicant's Signature X 	Date 7-17-07
Agent's Signature X 	Date

DOMBROWSKI AND SORENSEN
Attorneys at Law

JOSEPH L. DOMBROWSKI
JOAN SORENSEN
October 23, 2007

670 N. CLARK
CHICAGO, ILLINOIS 60610
(312) 843-7804

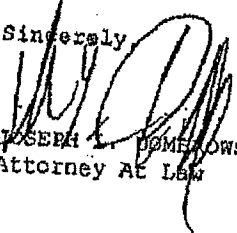
Maritime General Agency
70 Essex Road
Westbrook, Ct. 06498

RE: M/Y Leviper

Dear Sirs:

This will confirm that all recommendations on the Marine Survey presented to you with this application have been complied with prior to today's date.

Sincerely,


JOSEPH L. DOMBROWSKI
Attorney At Law

FAX NO. (312) 843-1718
E-MAIL jld.dends@mindspring.com

EXHIBIT

C

Maritime General Agency

Letter of Compliance for Marine Survey Recommendations

Named Insured: GREEN DRAGON TRADING CORP. LTD.

Policy Number: YM 583-93-22

On 5/23 & 24, 2007 the Marine surveying firm of SLAKOFF, STAHL, GORDON & ASSOCIATES conducted a survey on the following vessel.

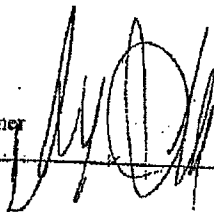
Vessel name VIPER, Hull # / Documentation # 0394 / 97264

Vessel year / type / length 1992 / MOTOR YACHT / 85'

I certify as owner of the above vessel that all recommendations on the above survey have been complied with to the satisfaction of the above noted surveyor. Any recommendations not yet completed are listed below along with a due date of completion.

I agree that coverage for a claim will be denied, if the cause of loss can be related to or traced in any way to non-compliance with any or all recommendations made on the above referenced survey.

Vessel Owner
(Sign)



Date

11-2-07

RECEIVED NOV 13 2007

70 Essex Road, P.O. Box 969 Westbrook, CT 06498
(860) 399-2047 / Fax (860) 399-3199